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THE

Market Administrator's BULLETIN

John Lyng

MARKET ADMINISTRATOR

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MILK—the perfect food for all ages

ASSISTANT SECRETARY LYNG CITES IMPORTANCE OF DAIRY CONTRIBUTION TO FOOD AND NUTRITION DRIVE

"Dairy products can make an important contribution to the national effort to end hunger and malnutrition," Assistant Secretary of Agriculture Richard Lyng said in remarks delivered to the National Dairy Council, meeting in Scottsdale, Arizona.

Mr. Lyng described the recently stepped-up programs of the Federal Government, designed to provide more nutritionally adequate diets to America's disadvantaged. Pointing out that the Nation's concern has been aroused, he said:

"The dairy industry has a great opportunity to take advantage of this

new national awareness of the importance of nutrition. You have a nutritionally superb product.

"In this age of daily developments in food technology, we hear much of new foods designed to help solve the problems of malnutrition. Terms we keep hearing are 'engineered' or 'fabricated' foods. We have surely reached the time when foods can be made attractive and tasteful, and at the same time be nutritious and inexpensive.

"Milk is one of the first 'engineered' foods. It is manufactured by that marvelous and increasingly more efficient machine, the cow. Dairy pro-

ducts have been and will continue to be vitally important in this Nation's diets.

"But as we move into the 1970's, it might be well for the dairy industry to accelerate efforts to relate to new technological developments. Efforts to speed up the trend toward fabricated foods using dairy products can be rewarding to the dairy industry and to the Nation."

Assistant Secretary Lyng complimented the National Dairy Council, a nonprofit research and educational organization, for its accomplishments in promoting national health through improved nutrition.

MILK ORDER DECISION IN THE MAKING

By John R. Hanson, Deputy Director, Dairy Division, C&MS, USDA

How does the U. S. Department of Agriculture decide what to recommend with respect to a proposed milk order action after a public hearing has been held on it?

Once the recommended decision has been issued, can it be reversed, or altered in part?

Why are some proposals recommended for adoption, and others are not?

Why are some decisions longer in the making than others?

These and other questions are sometimes asked by dairy farmers, milk dealers, and others concerned with the marketing of milk under Federal orders. They generally know that the recommended decision is the next step after a public hearing to establish or amend a Federal milk marketing order. But many of them would like to know more about the actual decision making.

A Federal milk order provides different classes and prices to farmers for

milk in different uses. Usually, milk used in fluid products is priced in Class I, the highest priced class. Other, lower priced use-classes are also provided in the order, and milk dealers are required to pay at least the order prices for all the milk they use. Then all producers who sell milk to a particular handler are paid on the basis of a uniform, or average price, representing the aggregate market-wide value of their milk.

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Northwestern Ohio

MARKET FACTS FOR EASY REFERENCE

PRICE SUMMARY

	Jan. 1970	Dec. 1969	Jan. 1969
Market Blend (No Location Adjustment)	\$5.79	\$5.79	\$5.54
Class I (No Location Adjustment)	6.33	6.32	6.03
Class II	4.25	4.28	4.19
Producer Butterfat Differential for each 1/10%	8.0¢	8.0¢	8.0¢

PRODUCTION SUMMARY

Total Lbs. of Producer Milk Delivered	40,141,941	43,321,940	43,746,262
Average Daily Class I Producer Milk	963,629	1,041,279	1,051,399
Average Daily Production per Producer	1,043	994	979
Total Number of Producers	1,242	1,406	1,442
Average B.F. Test of All Producers	3.93	3.92	3.91

UTILIZATION SUMMARY

Amount of Producer Milk in Class I	29,872,514	32,279,645	32,593,377
Amount of Producer Milk in Class II	10,269,427	11,042,295	11,152,885
Percent of Producer Milk in Class I	74.4	74.5	74.5
Percent of Producer Milk in Class II	25.6	25.5	25.5

Total Value at 3.5%	\$2,324,218	\$2,508,340	\$2,423,543
Total Value at Test	\$2,456,440	\$2,653,521	\$2,564,828
Income per Producer (7 Day Average)	\$447	\$426	\$402

AVERAGE DAILY SALES (Quarts)

Milk	306,080	336,449	361,716
Skim	98,607	101,614	74,883
Buttermilk	4,394	4,143	5,992
Flavored Milk and Drink	22,196	21,929	24,449
Cream	4,520	10,104	5,825

NEW DRY WHOLE MILK FINDS FAVOR IN EARLY USDA TEST

Dairy Fresh, new dry whole milk, could become an additional commercial outlet for milk based on homemakers' favorable responses to the product in a recent market test conducted by the U. S. Department of Agriculture. Most consumers who tried the product in a USDA test considered Dairy Fresh a fine supplement to fresh milk or for special uses such as picnics, emergencies, and the like. Some three-fourths of the purchasers told researchers they expected to repurchase Dairy Fresh.

USDA's Economic Research Service placed and demonstrated the

vacuum foam dry whole milk in 9 supermarkets in the Lansdale, Pa., area. Later, ERS sampled users on why they bought Dairy Fresh, how they used it, and what they thought about the product from USDA's Eastern Utilization and Development Laboratory.

A published report states many purchasers said Dairy Fresh tasted as good as fresh whole milk and they could not tell the difference. Most of the homemakers gave good marks to Dairy Fresh for taste, wholesomeness and nutritious value, cost and rich-

ness. The report also notes the product has a relatively long shelf life of at least a year, when properly refrigerated (40 degrees F.).

Sales of Dairy Fresh did not in any way affect sales of fresh whole milk, although it sold for 8 cents less—2 cans (total half-gallon equivalent) for 51 cents to 59 cents for a half-gallon of whole fresh milk.

In the test period, despite limited advertising, consumer acceptance was high with nearly 2,000 cans (quart equivalent) sold during the first week of the 12-week trial. The new product was used in about 1,000 homes.

MILK ORDER DECISION IN THE MAKING

(Continued from Front Page)

This leads to more stable, orderly marketing conditions for both dairy farmers and dealers, and helps keep a smooth flow of fresh milk available for consumers' needs.

But in the fast-moving dairy industry new marketing situations can develop, and anyone may propose compensating changes in a Federal milk order, or may propose a whole new order for a previously unregulated area. Hearings are held on such matters by the U. S. Department of Agriculture at the request of individuals or organized groups, to provide a factual basis — the hearing record — on which to decide what, if any, action should be taken. The recommended decision must be based on the factual evidence contained in the hearing record.

What kind of facts make good evidence for the record?

They must directly concern the marketing of milk in the area being considered. They must be facts affecting dairy farmers, milk dealers, and indirectly, the consumers.

Take a proposed merger of two milk orders, for instance. Why would USDA recommend it?

It might be because the evidence in the hearing record shows that two adjacent marketing areas now regulated by two separate orders with different provisions over a period of time have become in fact a single trading area

in which the same milk dealers compete throughout for the fluid milk sales of the two previously separate markets. Because of such development, orderly marketing of milk may no longer prevail and may not be maintained under separate orders. There may no longer be a smooth flow of milk through channels on its way to consumers, or an appropriate distribution of returns to all the producers involved.

Would it be better to merge the two marketing areas under one order with uniform provisions?

Again, USDA must rely on facts in the hearing record in recommending for or against a proposed action.

The length of time ensuing between the close of a milk order hearing and issuance of the recommended decision, along with a proposed new or amended order, varies depending on the complexity of the issues involved, and the time interested persons require to file their briefs on the evidence.

The recommended, or tentative, decision is published in the Federal Register and announced generally through newspapers, radio, television, and trade press. A period of time, usually 15 days, is allowed for interested persons to take exception to the recommendations or to submit comments in favor of them.

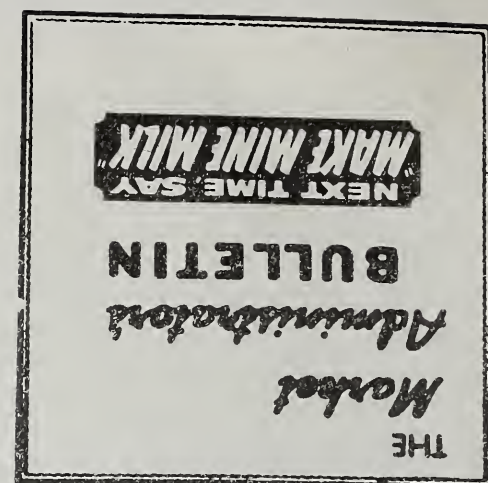
Since the recommended decision is

tentative, it may still be changed in the light of the public comments filed in writing. But any such comments will bear weight only if they relate to the actual hearing evidence. No new facts may be introduced in such comments.

Once the recommended decision has been issued and the period for exceptions to the decision is over, marketing specialists in the Dairy Division of USDA's Consumer and Marketing Service look to the next step in any proposed milk order action. They carefully consider all exceptions and comments in relation to the evidence in the hearing record to determine what the final recommendations to the Secretary should be.

Termed a "final decision," such recommendations then are published and arrangements are made for an expression of approval or disapproval by dairy farmers affected. Sometimes a referendum is held. At other times, approval by farmers may be determined by polling their cooperative associations.

To become a reality, a proposed milk order action must have the approval of the milk producers. If a referendum is held, approval is measured on the basis of the number of farmers actually casting ballots either individually or through cooperative associations.



SUMMARY OF CCC DAIRY ACTIVITIES FOR CALENDAR YEAR 1969

U. S. Department of Agriculture

Commodity Credit Corporation's dairy price-support purchases in calendar year 1969 were equivalent to 4.3 billion pounds of milk compared to 5.0 billion pounds in 1968. In addition, the Department removed from the market through purchases of 0.2 billion pounds of milk equivalent in the form of evaporated milk with Section 32 funds and 0.1 billion pounds of milk equivalent in the form of cheese under Section 709 of the Food and Agricultural Act of 1965.

The 1969 purchases (delivery basis) were 3.8 percent of total marketings by farmers compared with 4.4 percent in 1968. The reduced purchases were due to lower milk production and imports. Milk production was 116.2 billion pounds, 1.1 billion pounds less than a year earlier. Imports in 1969 totaled about 1.6 billion pounds milk equivalent compared with 1.8 billion pounds in 1968. Commercial consumption of milk and dairy products was down slightly.

For the second successive year, CCC's purchases of all three dairy products in 1969 were less than a year earlier. They totaled 188 million pounds of butter, 36 million pounds of cheese and 354 million pounds of nonfat dry milk compared with year-earlier purchases of 193 million

pounds of butter, 78 million pounds of cheese and 625 million pounds of nonfat dry milk. The 1969 purchases included 13.5 million pounds of cheese under Section 709 for school lunch use and the first price-support purchases of 7.7 million pounds of instant nonfat dry milk. The Department also purchased 107 million pounds of evaporated milk with Section 32 funds for distribution to needy persons.

CCC utilized (committed to program uses) in 1969 less of each of the three dairy products than in 1968. All of the butter and cheese were donated domestically. Most of the nonfat dry milk was donated domestically and abroad. Sales for export of nonfat dry milk declined sharply.

On December 31, 1969, CCC's uncommitted stocks were down substantially from a year ago, as they were last year, totaling 33 million pounds of butter, 4 million pounds of cheese, and 137 million pounds of nonfat dry milk.

Market Quotations

MINNESOTA - WISCONSIN PRICE SERIES		JANUARY 1970
Butter-Powder Price	\$4.00
Average Price per lb. 92-score butter at Chicago	4.20
Average carlot prices, spray process nonfat dry milk, f.o.b. Chicago area manufacturing plants67
		.23

USDA CONSIDERS SUSPENDING SOME PROVISIONS IN TWO OHIO MILK ORDERS

The U. S. Department of Agriculture is considering suspending some provisions of the Northwestern Ohio and Miami Valley, Ohio, Federal milk marketing orders, to include milk for yogurt in Class II milk, the lower-value class. The orders now designate it Class I.

USDA's Consumer and Marketing Service officials said the action was requested by milk handlers regulated by the two orders, who distribute yogurt in competition with handlers operating under nearby Federal milk orders. The adjacent orders classify milk for yogurt as a Class II use.

Handlers under the Northwestern and Miami Valley, Ohio, orders want the suspension to place them on more comparable cost basis with handlers under the nearby orders.

Notice of the proposed suspensions appeared in the Federal Register February 7.